1	HOUSE BILL NO. 496
2	INTRODUCED BY L. JENT, BECK, BISHOP, COLE, DOHERTY, EGGERS, GROSFIELD, HALLIGAN,
3	NEWMAN, C. YOUNKIN
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5	A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE LAWS RELATING TO PROCEDURES
6	IN CIVIL CASES; CLARIFYING THE LAWS RELATING TO COLLECTIONS IN CIVIL AND CRIMINAL CASES;
7	REVISING PROCEDURES RELATING TO COLLECTION AND JUDGMENT LIENS; ALLOWING A PARTY TO
8	APPEAR IN PRETRIAL CONFERENCES AND HEARINGS BY TELEPHONE CONFERENCE IN MUNICIPAL
9	COURTS, JUSTICES' COURTS, AND SMALL CLAIMS COURTS; ALLOWING JUSTICES' COURTS TO
10	ASSIGN THE COLLECTION OF FINES TO PRIVATE PERSONS OR ENTITIES; EXTENDING THE LIEN
11	CREATED ON REAL PROPERTY BY DOCKETING A JUDGMENT FROM 6 TO 10 YEARS; EXTENDING THE
12	STATUTE OF LIMITATIONS FOR COMMENCING AN ACTION ON A JUDGMENT RENDERED IN A COURT
13	NOT OF RECORD FROM 6 TO 10 YEARS; EXTENDING THE TIME PERIOD IN WHICH A WRIT FOR
14	EXECUTION OF JUDGMENT CAN BE ISSUED FROM 6 TO 10 YEARS; AMENDING THE CONTENT OF THE
15	LEVY NOTICE ON A WRIT OF EXECUTION; MAKING CIVIL PENALTIES FOR ISSUING A BAD CHECK OR
16	STOPPING PAYMENT APPLICABLE TO A CHECK PRESENTED ELECTRONICALLY; REQUIRING FINANCIAL
17	INSTITUTIONS AND OTHER THIRD PARTIES HOLDING ASSETS OF A JUDGMENT DEBTOR TO RESPOND
18	TO THE NOTICE OF LEVY IN A TIMELY MANNER; AMENDING SECTIONS 3-10-222, 3-10-304, 3-10-601,
19	15-1-704, 25-9-301, 25-13-101, <u>25-13-301,</u> 25-13-402, 25-30-102, 25-31-914, 27-1-717, 27-2-201,
20	39-51-1304, 46-17-303, 46-17-402, AND 61-6-123, MCA; AND REPEALING SECTIONS 25-13-102 AND
21	25-31-407, MCA."
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23	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
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25	NEW SECTION. Section 1. Pretrial conferences or hearings appearance by telephone
26	conference. (1) At the discretion of the court, a party or the party's attorney may make an appearance
27	by telephone conference in a pretrial conference or other hearing under this chapter if:
28	(a) the party does not need to or intend to offer evidence at the pretrial conference or hearing; and
29	(b) the party does not reside within the county in which the case is filed or the party's or the
30	party's attorney's principal place of business is not located in that county.

(2) The party requesting the telephone conference is responsible for arranging the telephone conference and paying the associated costs.

- Section 2. Section 3-10-222, MCA, is amended to read:
- "3-10-222. Collection and payment of moneys money. Justices A justice of the peace must receive from may require the sheriff, levying officer, or constable of their any county to pay over all moneys money collected on any process or order issued from their courts respectively the justice's court and must to pay the same and all moneys money paid to them the justice in their the justice's official capacity over to the parties entitled or authorized to receive them the money, without delay."

- Section 3. Section 3-10-304, MCA, is amended to read:
- "3-10-304. Territorial extent of civil jurisdiction. The civil jurisdiction of a justice's court extends to the limits of the county in which it is held, and mesne intermediate and final process of a justice's court in a county may be issued to and served in any part of the county. A summons of a justice's court may be served as provided in 25-31-407 in any county of the state."

- **Section 4.** Section 3-10-601, MCA, is amended to read:
- "3-10-601. Collection and disposition of fines, penalties, forfeitures, and fees. (1) Each justice of the peace justice's court shall collect the fees prescribed by law for justices' courts and shall pay them into the county treasury of the county in which the justice of the peace holds office, on or before the 10th day of each month, to be credited to the general fund of the county.
- (2) All Except as provided in subsection (4), all fines, penalties, and forfeitures that are required to be imposed, collected, or paid in a justice's court must, for each calendar month, be paid by the justice's court on or before the 5th day of the following month to the treasurer of the county in which the justice's court is situated, except that they may be distributed as provided in 44-12-206 if imposed, collected, or paid for a violation of Title 45, chapter 9 or 10.
- (3) The county treasurer shall, in the manner provided in 15-1-504, distribute money received under subsection (2) as follows:
- (a) 50% to the state treasurer for deposit in the state general fund; and
- 30 (b) 50% to the county general fund.



1 (4) (a) The justice's court may contract with a private person or entity for the collection of any 2 final judgment that requires a payment to the justice's court.

- (b) In the event that a private person or entity is retained to collect a judgment, the justice's court may assign the judgment to the private person or entity and the private person or entity may, as an assignee, institute suit or other lawful collection procedure and other postjudgment remedies in its own name.
- 7 (c) The justice's court may pay the private person or entity a reasonable fee for collecting the 8 judgment."

- Section 5. Section 15-1-704, MCA, is amended to read:
- "15-1-704. Filing with district court. (1) After issuing a warrant, the department may file the warrant with the clerk of a district court. The clerk shall file the warrant in the judgment docket, with the name of the taxpayer listed as the judgment debtor.
 - (2) A copy of the filed warrant may be sent by the department to the sheriff or agent authorized to collect the tax.
 - (3) A judgment lien filed pursuant to this section may be renewed for another 10-year period pursuant to the methods provided in 25-13-102, upon motion, or by judgment for that purpose founded upon supplemental pleadings."

- **Section 6.** Section 25-9-301, MCA, is amended to read:
- "25-9-301. Docketing of judgment -- lien -- expiration. (1) Immediately after the entry of the judgment in the judgment book, the clerk shall make entries of the judgment under appropriate heads in the docket kept by the clerk.
- (2) From the time the judgment is docketed, it becomes a lien upon all real property of the judgment debtor that is not exempt from execution in the county and that is either owned by the judgment debtor at the time or afterward acquired by the judgment debtor before the lien ceases. Except as provided in subsection (3) 61-6-123, the lien continues for 6 10 years unless the judgment is previously satisfied.
- (3) When the judgment is for the payment of child support, the lien continues for 10 years from the termination of the support obligation or 10 years from entry of a lump-sum judgment or order for support arrears, whichever is later, unless the judgment is previously satisfied."



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2 **Section 7.** Section 25-13-101, MCA, is amended to read:

"25-13-101. Time limit for issuing execution. (1) Except as provided in subsection (2), the The party in whose favor the judgment is given may, at any time within 6 years after the entry of the judgment the time period prescribed in 27-2-201(1) and (2), have a writ of execution issued for its enforcement.

(2) When the judgment is for the payment of child support, the party in whose favor the judgment is given may, at any time within 10 years after the termination of the support obligation or within 10 years from entry of a lump-sum judgment or order for support arrears, whichever is later, have a writ of execution issued for its enforcement."

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SECTION 8. SECTION 25-13-301, MCA, IS AMENDED TO READ:

- "25-13-301. Form and contents of writ. (1) The writ of execution must:
- 13 (a) be issued in the name of the state of Montana, sealed with the seal of the court, and 14 subscribed by the clerk;
 - (b) be directed to the sheriff or levying officer;
- 16 (c) intelligibly refer to the judgment, stating the court and the county where it was entered and, 17 if it is for money, the amount of money and the amount actually due on the judgment; and
 - (d) require the sheriff or levying officer to act substantially as provided in this part.
- 19 (2) In executions, the amount of the execution must be computed and stated as near as may be possible in dollars and cents, rejecting fractions of a cent. 20
 - (3) A writ of execution served upon an employer of the judgment debtor must be accompanied by a document that reasonably describes the exemptions from execution provided in 25-13-614.
 - (4) A notice of levy provided by the sheriff or levying officer must contain the full name and last-known address of the judgment debtor and, if known by the judgment creditor, the judgment debtor's tax identification number or social security number.
 - (4) A NOTICE OF LEVY MUST CONTAIN INFORMATION SUFFICIENT TO IDENTIFY THE JUDGMENT DEBTOR. IF THE INFORMATION IS NOT SUFFICIENT TO IDENTIFY THE JUDGMENT DEBTOR, THE WRIT OF EXECUTION MUST BE RETURNED TO THE SHERIFF OR LEVYING OFFICER. IF THE WRIT OF EXECUTION IS RETURNED TO THE SHERIFF OR LEVYING OFFICER FOR LACK OF SUFFICIENT INFORMATION, THE PERSON RETURNING THE WRIT OF EXECUTION SHALL INDICATE THE INFORMATION PROVIDED WAS NOT SUFFICIENT TO IDENTIFY THE JUDGMENT DEBTOR."
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2 **Section 9.** Section 25-13-402, MCA, is amended to read:

3 "25-13-402. How writ executed. (1) (A) The sheriff or levying officer shall execute the writ 4 against the property of the judgment debtor no later than 60 120 days after receipt of the writ by:

- (a)(I) levying on a sufficient amount of property, if there is sufficient property;
- 6 (b)(II) collecting or selling the things in action; and AND
- 7 (c)(III) selling the other property and paying to the judgment creditor or the judgment creditor's
- 8 attorney as much of the proceeds as will satisfy the judgment; AND
- 9 (D) (I) PERSONALLY SERVING THE WRIT ON THE THIRD PARTY, IF THE PROPERTY IS HELD BY A THIRD PARTY, OR,
- 10 IF THE THIRD PARTY IS A CORPORATION OR OTHER LEGAL ENTITY, PERSONALLY SERVING THE WRIT ON AN OFFICER OR
- 11 OTHER SUPERVISORY PERSON OF THE ENTITY; AND
- 12 (II) NOTING ON THE ORIGINAL WRIT AND ON THE RETURN OF WRIT THE TIME AND DATE THAT THE WRIT WAS
- 13 PERSONALLY SERVED.
- 14 (B) (i) If the third party is a corporation or other legal entity, service must be accomplished by
 15 Personally serving the writ upon an officer or supervising employee of the entity or other department or
- 16 PERSON DESIGNATED BY THE THIRD PARTY OR BY MAIL, AS PROVIDED IN SUBSECTION (1)(B)(II).
- 17 (II) SERVICE BY MAIL UPON A CORPORATION OR OTHER LEGAL ENTITY MUST BE CONSENTED TO IN WRITING BY THE
- 18 CORPORATION OR OTHER LEGAL ENTITY AND MAY BE MADE BY MAILING A COPY OF THE WRIT TO AN OFFICER, SUPERVISING
- 19 EMPLOYEE OF THE THIRD PARTY, OR OTHER DEPARTMENT OR PERSON DESIGNATED BY THE THIRD PARTY. IF SERVICE IS BY
- 20 MAIL, IT MUST BE ACCOMPANIED BY A NOTICE THAT THE OFFICER OR EMPLOYEE RECEIVING THE WRIT SHALL FORWARD THE
- 21 WRIT TO THE PERSON RESPONSIBLE FOR PROCESSING THE LEVY FOR THE THIRD PARTY IF THE OFFICER OR EMPLOYEE
- 22 <u>INITIALLY RECEIVING THE WRIT IS NOT THE PROPER PARTY TO PROCESS THE LEVY. THE WRIT WILL BE CONSIDERED SERVED</u>
- 23 ON THE DATE AND TIME THAT THE WRIT IS RECEIVED BY THE OFFICER, SUPERVISING EMPLOYEE, OR DESIGNEE OF THE THIRD
- 24 PARTY, BUT NO LATER THAN 5 BUSINESS DAYS AFTER IT IS MAILED.
- (c) A LEVY UNDER SUBSECTION (1)(B) IS EFFECTIVE WHEN THE WRIT IS SERVED BY PERSONAL SERVICE OR BY
- 26 MAIL, AS PROVIDED IN SUBSECTION (1)(B)(II).
- 27 (2) Any proceeds in excess of the judgment and accruing costs must be returned to the judgment
- 28 debtor unless otherwise directed by the judgment or order of the court. When the sheriff or levying officer
- 29 determines that there is more property of the judgment debtor than is sufficient to satisfy the judgment
- 30 and accruing costs, the sheriff or levying officer shall levy only on the part of the property that the



1 judgment debtor may indicate if the property indicated is sufficient to satisfy the judgment and costs.

(3) With respect to earnings of a judgment debtor, an employer shall respond to the levy based upon the earnings accrued to the end of the regular pay period in which the levy occurred.

- (4) With respect to property, other than earnings of a judgment debtor, held by a third party, including but not limited to banks, credit unions, and other financial institutions and those parties identified in 25-13-306, the third party shall respond to the levy based on the assets held at the time of levy.

 Response must be made to the sheriff or levying officer by remitting the seized property within 2 10 business days following the date of the levy by Delivering The ASSETS OR PAYMENTS TO THE SHERIFF OR LEVYING OFFICER.
 - (4)(5) Except for perishable property, the sheriff or levying officer shall hold any property or money levied upon for 10 days, excluding weekends and holidays, following notification of execution upon the judgment debtor. After that time, the sheriff or levying officer may sell the property and pay the money to the judgment creditor.
 - (5)(6) If the first levy is not sufficient to satisfy the writ, the sheriff or levying officer may levy, from time to time and as often as necessary, within the 60 120 days until the judgment is satisfied or the writ expires."

- **Section 10.** Section 25-30-102, MCA, is amended to read:
- "25-30-102. Fees and fines <u>-- collection</u>. (1) The fees and fines in municipal court must be the same as the fees and fines provided by law or ordinance, and except as provided in subsection (2), all fees and fines collected by the court must be paid into the city treasury.
- (2) (a) If a final judgment is entered for a fine and the fine is immediately due, the <u>The</u> municipal court may contract with a private person or entity for the collection of the fine any final judgment that requires a payment to the municipal court.
- (b) In the event that a private person or entity is retained to collect a fine judgment, the municipal court is authorized to may assign the judgment for the fine to the private person or entity and the private person or entity may, as an assignee, institute suit or other lawful collection procedure and other postjudgment remedies in its own name.
- (c) The municipal court, after deducting the charges provided for in 46-18-236, is authorized to
 may pay to the private person or entity a reasonable fee for collecting the fine judgment."



Section 11. Section 25-31-914, MCA, is amended to read:

"25-31-914. Lien on real property. The judgment rendered in a justice's court creates a lien upon any lands of the defendant upon the filing of a transcript of the original docket, certified by the clerk of the justice's court, with the office of the clerk of the district court of the county in which the lands are situated. When so filed and from the time of filing, the judgment becomes a lien upon all real property of the judgment debtor, not exempt from execution, in such that county, that is owned by him the judgment debtor at the time or which he that the judgment debtor may afterwards and before the lien expires acquire and that is not exempt from execution. The lien continues for 6 10 years unless the judgment be is previously satisfied."

- **Section 12**. Section 27-1-717, MCA, is amended to read:
- "27-1-717. Issuing a bad check or stopping payment -- civil liability. (1) A person who issues a check, draft, or order for the payment of money is liable for a service charge, as provided in subsection (2), or for damages in a civil action, as provided in subsection (3), to the payee to whom the check, draft, or order is issued, or the payee's assignee, if the check, draft, or order is:
- (a) dishonored for lack of funds or credit or because the issuer has no account with the drawee;or
 - (b) issued in partial or complete fulfillment of a valid and legally binding obligation and the issuer stops payment with the intent to fraudulently defeat a possessory lien or otherwise defraud the payee of the check.
 - (2) The person who issues the check, draft, or order is liable to the payee or the payee's assignee for a service charge in a reasonable amount, not greater than \$30. The payee or the payee's assignee may waive the service charge. Demand for the service charge must be made in writing by the payee or the payee's assignee and mailed to the address shown on the check, draft, or order or to the issuer's last-known address. The demand must state that the issuer is required to pay the value of the check, draft, or order and service charge and must state the service charge provided for in this section.
 - (3) The amount of damages awarded pursuant to subsection (1) must be an amount equal to the service charge plus the greater of \$100 or three times the amount for which the check, draft, or order was issued. However, damages may not exceed the value of the check, draft, or order by more than \$500.



- 1 (4) The remedy provided by subsection (3) is available only if:
- 2 (a) the payee or the payee's assignee has made the written demand required in subsection (2) not 3 less than 10 days before commencing the action; and
- 4 (b) the issuer has failed to tender an amount of money equal to the amount demanded under subsection (2) prior to the commencement of the action.
- 6 (5) The remedy provided by this section:
- 7 (a) may be pursued notwithstanding the provisions of 27-1-312;
- 8 (b) may be pursued whether or not a criminal penalty is sought under 45-6-316 or any other 9 statute providing a criminal penalty; and
 - (c) does not affect the obligation of the issuer provided for in 30-3-423 to pay the amount of the draft. However, in case of any inconsistency with the provisions of Title 30, chapter 3, the provisions of this section apply.
 - (6) Upon introduction by the payee or the payee's assignee of evidence sufficient to establish the fact of mailing as required under subsection (2), the failure to receive the written demand is not a defense to the action allowed under subsection (3).
 - (7) This section applies to all checks, drafts, and orders, including those electronically presented for payment."

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- 19 **Section 13.** Section 27-2-201, MCA, is amended to read:
- "27-2-201. Actions upon judgments. (1) Except as provided in subsections (3) through (5), the period prescribed for the commencement of an action upon a judgment or decree of any court of record of the United States or of any state within the United States is within 10 years.
 - (2) The period prescribed for the commencement of an action upon a judgment or decree rendered in a court not of record is within 6 10 years. The cause of action is considered, in that case, to have accrued when final judgment was rendered.
 - (3) The period prescribed for the commencement of an action to collect past-due child support that has accrued after October 1, 1993, under an order entered by a court of record or administrative authority is within 10 years of the termination of support obligation or within 10 years from entry of a lump-sum judgment or order for support arrears, whichever is later.
 - (4) The period prescribed for the commencement of an action to collect past-due child support that



has accrued under a support order issued in another state, in a foreign country, or in a tribal court is as provided in subsection (3) or as provided in the law of the issuing jurisdiction, whichever period is longer.

(5) An action under 46-18-247(3) to enforce an order of restitution entered by a court of record may be commenced at any time within the offender's lifetime during which restitution remains unpaid."

- Section 14. Section 39-51-1304, MCA, is amended to read:
- "39-51-1304. Lien for payment of unpaid taxes -- levy and execution. (1) Unpaid taxes, including penalties and interest assessed on unpaid taxes, have the effect of a judgment against the employer, or against the liable corporate officer or liable member or manager of a limited liability company referred to in 39-51-1105, or against a partner in a limited liability partnership, arising The judgment arises at the time that the payments are due. The department may issue a certificate stating the amount of payments due and directing the clerk of the district court of any county of the state to enter the certificate as a judgment in the docket pursuant to 25-9-301. From the time that the judgment is docketed, it becomes a lien upon all real and personal property of the employer. After the due process requirements of 39-51-1109 and 39-51-2403 have been satisfied, the department may enforce the judgment through the sheriff or agent authorized to collect the tax in the same manner as prescribed for execution upon a judgment. A notice of levy may be made by means of a certified letter by an agent authorized to collect the tax. The department may enforce the judgment at any time within 10 years of the creation of the lien or the effective date of the lien, whichever is later.
- (2) A judgment lien filed pursuant to this section may be renewed for another 10-year period pursuant to the methods provided in 25-13-102, upon motion, or by judgment for that purpose founded upon supplemental pleadings.
- (3) The lien provided for in subsection (1) is not valid against any third party owning an interest in real or personal property against which the judgment is enforced if:
 - (a) the third party's interest is recorded prior to the entrance of the certificate as a judgment; and
- (b) the third party receives from the most recent grantor of the interest a signed affidavit stating that all taxes, penalties, and interest due from the grantor have been paid.
- (4) A grantor who signs and delivers an affidavit is subject to the penalties imposed by 39-51-3204 if any part of it is untrue. Notwithstanding the provisions of 39-51-3204, the department may proceed under 39-51-1303, this section, or both, to collect the delinquent taxes, penalties, and interest

- 1 from the:
- 2 (a) employer;
- 3 (b) liable corporate officer;
- 4 (c) liable member or manager of a limited liability company referred to in 39-51-1105; or
- 5 (d) partner in a limited liability partnership.
 - (5) The lien provided for in subsection (1) must be released upon payment in full of the unpaid taxes, penalties, and accumulated interest. The department may release or may partially release the lien upon partial payment or whenever the department determines that the release or partial release of the lien will facilitate the collection of unpaid taxes, penalties, or interest. The department may release the lien if it determines that the lien is unenforceable."

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- **Section 15.** Section 46-17-303, MCA, is amended to read:
 - "46-17-303. Deposit of fines -- collection. (1) Except as provided in subsection (2), all fines imposed and collected by a city court must be paid to the treasurer of the county, city, or town, as the case may be, within 30 days of receipt. The city judge shall file a copy of any receipt given for a collected fine with the county, city, or town clerk, as the case may be.
 - (2) (a) If a final judgment is entered for a fine and the fine is immediately due, the <u>The</u> city court may contract with a private person or entity for the collection of the fine any final judgment that requires a payment to the city court.
 - (b) In the event that a private person or entity is retained to collect a fine judgment, the city court is authorized to may assign the judgment for the fine to the private person or entity and the private person or entity may, as an assignee, institute suit or other lawful collection procedure and other postjudgment remedies in its own name.
 - (c) The city court, after deducting the charges provided for in 46-18-236, is authorized to may pay to the private person or entity a reasonable fee for collecting the fine judgment."

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- Section 16. Section 46-17-402, MCA, is amended to read:
 - "46-17-402. Fees and fines -- collection. (1) The fees and fines in municipal court must be the same as the fees and fines provided by law or ordinance, and except as provided in subsection (2), all fees and fines collected by the court must be paid into the city treasury.



(2) (a) If a final judgment is entered for a fine and the fine is immediately due, the <u>The</u> municipal court may contract with a private person or entity for the collection of the fine any final judgment that requires a payment to the municipal court.

- (b) In the event that a private person or entity is retained to collect a <u>fine judgment</u>, the municipal court <u>is authorized to may</u> assign the judgment <u>for the fine</u> to the private person or entity and the private person or entity may, as an assignee, institute suit or other lawful collection procedure <u>and other postjudgment remedies</u> in its own name.
- (c) The municipal court, after deducting the charges provided for in 46-18-236, is authorized to may pay to the private person or entity a reasonable fee for collecting the fine judgment."

- **Section 17.** Section 61-6-123, MCA, is amended to read:
- "61-6-123. Suspension to continue until judgments paid and proof given -- maximum period of suspension. A license or nonresident's operating privilege remains suspended and may not be renewed, nor may a license be issued in the name of a judgment debtor, including a judgment debtor not previously licensed, until each judgment is stayed, satisfied in full, or satisfied to the extent provided in this part, and until the person gives proof of compliance with 61-6-301 subject to the exemptions provided in 61-6-122 and 61-6-125 or 6 years have passed from date judgment was first entered as provided in 25-9-301 and the person has complied with 61-6-301 and 61-6-302."

20 NEW SECTION. Section 18. Repealer. Sections 25-13-102 and 25-31-407, MCA, are repealed.

NEW SECTION. Section 19. Codification instruction. [Section 1] is intended to be codified as an integral part of Title 25, chapter 30, part 1; Title 25, chapter 31, part 7; and Title 25, chapter 35, part 6, and the provisions of Title 25, chapter 30, part 1; Title 25, chapter 31, part 7; and Title 25, chapter 35, part 6, apply to [section 1].

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